Understanding the potential rental housing market impact of COVID-19

Presented by the Institute for Housing Studies
Understanding potential rental housing impact

• Analysis is starting point to better understand the potential rental housing market impact of economic downturn related to COVID-19

• Analysis identifies a set of occupations that are at the most risk of significant disruption and layoffs due to COVID-19

• Top Chicago occupations in impacted industries:
  • Cashiers - 32,753 workers
  • Retail salespersons - 29,207
  • Janitors and building cleaners - 26,009
  • Cooks - 19,831
  • Waiters and waitresses - 19,019

• These occupations will likely remain highly vulnerable in the short- to medium term as certain industries restructure or are slower to recover
Understanding potential rental housing impact

• Analysis focuses on working households and individuals and therefore excludes:
  • Non-wage earners
  • Individuals less than 16 years old
  • Individuals not in the labor force (who last worked more than 5 years ago or never worked)
  • Households make up entirely of the above

• Analysis focuses on households with at least one member in potentially impacted industry or individual workers

• Although unemployment benefits help in short term, findings highlight risk that economic crisis will disproportionately impact lower-income renters, people of color, and neighborhoods already experiencing rental housing affordability challenges
Lower-income renters at more risk of economic impact

Share of Chicago working renter households with at least one member in vulnerable industry by HH income level, 2018

- Less $15k: 58.7%
- Between $15k to $30k: 50.6%
- Between $30k to $50k: 43.1%
- Between $50k to $75k: 36.5%
- Between $75k to $112.5k: 34.0%
- Between $112.5k to $150k: 34.5%
- More than $150k: 24.9%

41.2% of all renters are in vulnerable industry

SOURCE: 2018 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Share of working renter households in vulnerable industries by PUMA

SOURCE: 2018 ACS MICORDATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Number of vulnerable and less vulnerable working households in Chicago by tenure, 2018

More Vulnerable
- Renter Households: 183,309
- Owner Households: 119,810

Less Vulnerable
- Renter Households: 261,793
- Owner Households: 244,988

SOURCE: 2018 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Number of potentially impacted working households by tenure and PUMA

SOURCE: 2018 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Number of potentially impacted working renter households by PUMA

SOURCE: 2018 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Potentially impacted renters more likely cost burdened

Share of vulnerable and less vulnerable working renter households in Chicago that are cost burdened, 2018

SOURCE: 2018 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Number of working renter households in vulnerable industries that are cost burdened by PUMA

<table>
<thead>
<tr>
<th>Neighborhood</th>
<th>Rent Burdened</th>
<th>Not Rent Burdened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronzeville/Hyde Park</td>
<td>9,031</td>
<td></td>
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<tr>
<td>Uptown/Rogers Park</td>
<td>7,379</td>
<td></td>
</tr>
<tr>
<td>Humboldt Park/Garfield Park</td>
<td>8,590</td>
<td></td>
</tr>
<tr>
<td>West Town/Near West Side</td>
<td>5,224</td>
<td></td>
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<tr>
<td>Bridgeport/Brighton Park</td>
<td>6,425</td>
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<tr>
<td>Austin/Belmont Cragin</td>
<td>6,571</td>
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<tr>
<td>Logan Square/Avondale</td>
<td>4,472</td>
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</tr>
<tr>
<td>Lake View/Lincoln Park</td>
<td>3,408</td>
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<tr>
<td>Englewood/Greater Grand Crossing</td>
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<tr>
<td>Loop and Surrounding</td>
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<td>Irving Park/Albany Park</td>
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<td>Lincoln Square/North Center</td>
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<tr>
<td>Auburn Gresham/Chatham</td>
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<tr>
<td>South Chicago/West Pullman</td>
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<tr>
<td>Gage Park/West Lawn</td>
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<tr>
<td>Portage Park/Jefferson Park</td>
<td>2,306</td>
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</tr>
<tr>
<td>Beverly/Morgan Park*</td>
<td>1,659</td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: 2018 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Share of working renter households in vulnerable industries that are cost burdened by PUMA

SOURCE: 2018 ACS MICRODATA ,IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
People of color more likely in impacted industries

Share of working individuals in impacted industry by race/ethnicity, 2018

SOURCE: 2018 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Percentage Point Change in the Share of Units that are Affordable

SOURCE: US CENSUS BUREAU, PUBLIC USE MICRODATA SAMPLES (PUMS)
Risk of unequal impacts in areas losing affordable housing

Share of vulnerable workers by race/ethnicity in four areas that lost most affordable rental housing

SOURCE: 2018 ACS MICRODATA, IPUMS USA, IHS CALCULATIONS BASED ON CODE DEVELOPED BY NYU FURMAN CENTER
Will Enhanced Unemployment Benefits Cover Housing Costs?

- CARES Act provides enhanced unemployment benefits of $600 per week in addition to existing benefit

- Hiccups in implementation for some states

- What are implications for housing?

- Terner Center analysis for Illinois:
  - Minimum monthly UI benefit + $600 is $2,451
    - “Affordable rent” at 30% of minimum monthly benefit is $735
  - Maximum monthly UI benefit + $600 is $4,992
    - “Affordable rent” at 30% of maximum monthly benefit is $1,497
How will UI cover rent for potentially impacted households

Median rent of Chicago renter households with at least one member in vulnerable industry by HH income level, 2018

- Less 15k: $824
- 15k to 30k: $866
- 30k to 50k: $980
- 50k to 75k: $1,134
- 75k to 112.5k: $1,270
- 112.5k to 150k: $1,672
- More 150k: $2,000

30\% of Max benefit = $1,497
30\% of Min benefit = $735

Source: 2018 ACS Microdata, IPUMS USA, IHS Calculations based on code developed by NYU Furman Center, Terner Center Calculations
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